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February 8, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

WASHINGTON, D.C. UPDATE

Economic Stimulus Package and Medicaid

On February 8, 2008, the House passed H.R. 5141, an estimated \$168 billion economic stimulus package which had been modified by the Senate, clearing it for the President's signature. Earlier in the day, the Senate amended the previous House-passed version before passing the bill. Major provisions in the economic stimulus package include the following:

- Workers who paid taxes last year on wages or investment income would receive rebate payments of up to \$600 for individuals with adjusted gross incomes under \$87,000 and up to \$1,200 for couples with incomes under \$174,000.
- Persons who had at least \$3,000 in qualifying income in 2007, but paid little or no income tax, would receive payments of \$300 for individuals or \$600 for couples. The Senate expanded the definition of qualifying income to include not only wages as in the House bill, but also Social Security benefits and payments to disabled veterans or their survivors.
- Anyone qualifying for a payment would receive an additional \$300 for each dependent child under age 17.

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- Tax incentives are included to encourage businesses to purchase equipment and other qualified assets (property).
- The limit for Federal Housing Administration insured mortgage loans would temporarily increase through December 31, 2008 from \$362,000 to 175 percent of an area's median home price or \$729,750, whichever is less. The Fannie Mae and Freddie Mac loan limits also would increase from \$417,000 to 175 percent of an area's median home price or \$729,750, whichever is less, for loans made between July 31, 2007 and December 31, 2008. The loan limits, in effect, would increase to \$729,750 in Los Angeles County where the median home price is well above the current loan limits.

Due to the strong bipartisan interest in quickly enacting an economic stimulus bill and opposition from the Bush Administration, no spending provisions, such as increased Medicaid matching funds, moratoriums on the implementation were included in the final bill.

We will continue to keep you advised.

WTF:GK
MAL:MT:sv

c: All Department Heads
Legislative Strategist